

Under Heavy Fire

Pressure builds on Reagan and Casey to quit



Ronald Reagan feels it came as a "bolt from the blue," and now he considers it the most serious problem he has confronted during his 14 years in public office. According to an intimate, the President remains "very disappointed and very disturbed about what he was not told" about the Iran-*contra* scandal. Reagan still thinks he does not know all the details of the Iranian arms shipments and the subsequent funneling of profits to the Nicaraguan rebels. "Everybody keeps saying that they want all the facts," says this ally. "My God, so does he!" In his radio broadcast Saturday, the President regretfully conceded that "the execution of these policies was flawed, and mistakes were made."

Demands that he dismiss more top aides have nettled the President, yet his thinking has apparently shifted somewhat over the past week. He does not want to be pushed into abrupt firings or show signs of yielding to pressure. He answered with a testy no to reporters who repeatedly asked him whether he planned to jettison Chief of Staff Donald Regan, and an aide insisted that the President had no plans to sack CIA Director William Casey. But it is now quite probable that both men will be departing from their posts within the next month or so.

Despite the continuing revelations and uproar, Reagan fervently believes that his Administration can recover from this crisis, that there is still a reservoir of affection for him. Last week he took his firmest step yet toward coming to grips with the affair. Avoiding the befuddlement and bitterness that had marked his earlier statements on the scandal, he delivered a terse four-minute address from the Oval Office on Tuesday in which he 1)

announced the choice of a distinguished new National Security Adviser; 2) urged the naming of an independent counsel to investigate the affair; 3) supported congressional requests for special committees to look into the scandal; and 4) promised his Administration's full cooperation with investigators. "I can appreciate why some of these things are difficult to comprehend," he told his audience. "You're entitled to have your questions answered."

For a moment there seemed to be a sigh of relief. The choice of Frank Carlucci, an experienced and capable diplomat and Government official, to head the National Security Council received widespread bipartisan plaudits. And by calling for a special prosecutor to look at all aspects of the affair, the Administration seemed to be signaling that it was eager to avoid any appearance of a cover-up.

Yet even though the actions represented most of what the sidelines doctors had prescribed, the furor over "Iranscam" barely abated. When Reagan's departed National Security Adviser John Poindexter and his renegade deputy Lieut. Colonel Oliver North appeared before a Senate committee, both invoked the Fifth Amendment. Robert McFarlane, Poindexter's predecessor and an early promoter of establishing contacts with Iran, did respond to Senate interrogators, but he cast doubt on Reagan's claims about what the President knew and when he knew it. As a flood of disclosures about North's secret arms network fueled fascination with details of the bizarre affair, Congressmen intensified calls for the heads of others who may have been in on the scam.

At the core of the problem was a nagging public doubt that only Poindexter and North deserved blame for the scandal. As Republican Senate Leader Robert Dole acidly put it, "I don't think Ripley would believe that." In addition, the revelations about the diversion of funds to the *contras* did not divert criticism of the secret arms-for-hostage dealings with Iran. "Where the White House is still making a very serious mistake is in thinking that it must only combat the *contra* angle," said a former aide who is still loyal to the President. "The problem is much broader. It gets to the President himself. The emperor is being shown naked. I'm afraid he's going to come out of it all as either a fool or a liar."

As the storm raged, Chief of Staff Regan found himself increasingly isolated. "Regan's now going to be the focus," said a former presidential aide. "A lot of the President's own people are still hurt and puzzled" by Regan's continued presence in the White House, admitted a senior White House official. Indeed, he has alienated a number of Administration heavyweights. He used to treat Edwin

Meese as a bumbling interloper whenever the Attorney General would come by the Oval Office without an appointment; after riding to the rescue of the President, Meese made little effort to hide his feelings toward Don Regan. Secretary of State George Shultz has been a longtime golfing buddy of Regan's, but there are now strains in their relationship because of Regan's high-handed approach toward controlling policy. The NSC staff is also sharply critical of Regan and the handful of aides, known as the "mice," he brought with him from the Treasury Department. "They have a track record of being willing to tar anybody and everybody if it helps distract attention from their own foibles," says an NSC staff member.

Because of his abrasive style, Regan has never had many fans on Capitol Hill. Last week, Senate Foreign Relations Committee Chairman Richard Lugar, an Indiana Republican, led a chorus of lawmakers calling for his resignation. In a meeting on Wednesday with the President, G.O.P. congressional leaders hinted strongly—with Regan sitting right there—that the chief of staff should be handed his walking papers. Before they could suggest it explicitly, however, the President raised the issue of letting Regan go and said, "So what? That doesn't end it." When the question came up again in a Friday meeting with congressional Republicans, reported Republican Senator John Chafee, the President "took the view that he didn't want to throw anybody to the wolves without adequate cause."

Although a number of Reagan's old California advisers, including William Clark, believe that Regan should be eased out, they have not spoken directly to the President since the furor began. One of the President's few old friends who have is Nevada's retiring Republican Senator Paul Laxalt, who has expressed his willingness to serve Reagan in any way that will help him out of the current mess. The Washington Post reported late last week that Nancy Reagan had pressured her husband to ax Regan. Frustrated by her persistence, the President reportedly told his wife to "get off my goddam back." The White House emphatically denied that this out-of-character exchange ever took place.

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on. He held his own session with Congressmen last week in which he claimed the President needed his services in preparing the State of the Union message and with work on the new budget. He appeared to take a certain gritty pride in toughing out the controversy. "I'm really taking the heat now," he said. "It goes with that corner office." A man who clearly cherishes power, Regan is even said to have joked last week about "people who thought they could get rid of me that easily."

As for Casey, Senate Intelligence Committee members seemed incredulous when, three weeks ago, the CIA director contended that he did not know the full details of Israel's shipments to Iran last year, which were supposedly done with U.S. approval. Later, Casey seemed to back away from that position. "I don't think he's lied to us, but I think Bill Casey is famous for instructing his subordinates and his colleagues to tell us everything they think we should know," said Committee Chairman David Durenberger with more than a hint of sarcasm. Charges continued to fly that Casey was fully aware of the arms-to-Iran operation from the start. North, says a former senior CIA official, "had to have Casey's support" since the director "minutely controlled" the agency's covert activities.

Given the high level of those under fire, the involvement of an independent counsel was inevitable. During the Watergate crisis, a special prosecutor was appointed by the Attorney General. Today the title has evolved into independent counsel: the investigator is chosen by a panel of three senior federal judges. Meese, in formally requesting an independent counsel, was expected to recommend that the counsel be given a mandate broad enough to permit an investigation into whether the Iranian arms shipments, as well as the diversion of money to the *contras*, may have violated the law. The judges are expected to announce their choice for the job this week.

Although Congress will continue to pursue its own inquiries, appointment of an independent counsel could help spare the Administration some of the glare of public scrutiny. The law requires that the counsel's probe be shrouded in the utmost secrecy; all evidence gathered will be closely guarded and can only be made public with approval of the three judges.

The decision to seek a special prosecutor came only ten days after Meese says

he uncovered evidence of possible wrongdoing. Nevertheless, Meese has been criticized for his handling of the investigation in the early stages. At first he spurned an offer from FBI Chief William Webster to provide bureau help. Instead he formed his own squad of three aides to help with the inquiry and waited five days before finally calling in the FBI. In failing to secure North's files, Meese may have given the former NSC official the opportunity to destroy important documents. Said a Justice Department official: "It was a performance by Inspector Clouseau." Meese's defenders reply that the Attorney General is not getting credit for exposing the highly complex and well-hidden money transfers in the first place. Says Assistant Attorney General Stephen Trott: "Ed Meese deserves a medal."

Meanwhile, the Senate Intelligence Committee conducted its weeklong hearings behind double doors in a soundproof, electronically secure conference room. McFarlane dropped a bombshell during his seven grueling hours of testimony: the President, he said, had been informed beforehand of the shipment of U.S. weapons by Israel to Iran in August 1985. McFarlane says he passed on the President's approval to the Israelis.

The testimony was startling because Meese said two weeks ago that Reagan did not know of the August shipment until months after it occurred. A White House source says the President was surprised by his former aide's statement. Reagan, the source said, "did not remember anything like that, but he is going in [to the West Wing offices] to find out." The testimony also conflicted with a secret chronicle of the arms deals that North wrote just before he was dismissed. According to this document, which has been dubbed the "Ollie Chronology," the idea of an arms sale was presented to Reagan in August 1985, but he responded: "No, do not authorize."

North did nothing to clear up the discrepancy. When his turn came before the Senate panel, he cited his Fifth Amendment rights against self-incrimination and declined to answer questions. Poindexter told the Senators that he would respond to their queries only "in good time," claiming he would need a while to prepare for his testimony. They responded by issuing a subpoena for him to appear the next day. At that point,

Poindexter likewise invoked the Fifth.

In asserting their right to avoid self-incrimination, North and Poindexter sought to force the panel to grant them at least partial immunity, which would bar their testimony from being part of a criminal case against them. If it were granted, the two would still have to testify or face charges of contempt of Congress. But it is unlikely that such partial immunity will be given until after the special prosecutor's investigation is well under way. Said Vermont Democrat Patrick Leahy: "We will piece together the answers to the questions we have with or without Admiral Poindexter or Colonel North."

Late last week Senator Durenberger said more Cabinet members might soon be called to testify under oath in the next two weeks. When asked if he would advise his aides not to invoke the Fifth Amendment, President Reagan replied, "The individuals will have to make that decision for themselves, just as these two have." Acknowledging that top Reagan aides might adopt the North-Poindexter tactic, Durenberger said, "If the Cabinet took the Fifth, then the problem it could cause for me is with the President's credibility."

Throughout the week Senator Dole pressed for the President to call Congress back from recess for a special session to allow lawmakers to tackle the crisis immediately. The incoming Senate Majority Leader, West Virginia Democrat Robert Byrd, argued that such a session would be an "overreaction." Byrd prefers that Congress wait until January, when the new Democratic majority in the Senate could have a greater say in the proceedings. Although Dole did not get his way, his gambit spurred lawmakers to form two select congressional committees to deal with the investigation. He and Byrd will appoint a 13-member panel of seven Democrats and six Republicans. Incoming Speaker Jim Wright and Republican Minority Leader Robert Michel will choose a 15-member House committee made up of nine Democrats and six Republicans. Their public hearings will begin when the 100th Congress convenes in January.

Vice President George Bush, who declared his support for the President's handling of the crisis last week in an interview in *TIME*, delivered a carefully worded speech on Wednesday to the American Enterprise Institute, a Washington-based think tank. While the President has refused to say that his arms deals were an error in judgment, Bush declared, "Clearly, mistakes were made." He added, "Given 20/20 hind-

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sight, call it a mistaken tactic if you want to." Carefully trying to be both loyal and politically prudent, Bush also had to worry about his own possible connections to the scandal. "I was not aware of, and I oppose any diversion of funds, any ransom payments or any circumvention of the will of Congress," he said. Yet there are still many questions about his role in monitoring the efforts to supply the *contras*.

In the midst of the turmoil, one White House official announced last week that he was making a clean getaway. After more than 2,000 briefings over five years, during which he deftly handled the White House press corps with a Mississippi mixture of down-home humor, cool confrontation and condescending courtliness, Spokesman Larry Speakes said he would be leaving in two months. He is not, however, being driven away by the scandal. For months he has been negotiating for a \$250,000-a-year job as head of public relations for Merrill Lynch, the Wall Street investment firm once headed by Donald Reagan. When reporters asked how he could leave in the middle of a crisis, Speakes replied that two months would be "enough time to serve the President in the current situation."

Not if the next two months are anything like the last one. A New York

Times/CBS News poll last week showed the President's approval rating plunging 21 points in the past four weeks, from 67% to 46%. That is the most dramatic one-month drop since presidential opinion polls began 50 years ago. The survey found that 53% of the voters think Reagan knew "money from the Iranian arms sales was going to help the *contras*," even though the President insists that he did not.

This loss of faith in the President is perhaps the most significant—as well as disturbing—result of the current White House crisis. Over the past two decades Viet Nam and Watergate seriously diminished the presidency. For many Americans, Ronald Reagan, with his can-do optimism, returned some of the old luster to the office. Much of that has faded in the past month. "One of the hallmarks of the Reagan presidency has been his ability to restore the public's confidence in the White House as an institution and in Government's ability to perform," says a Republican political adviser. "That confidence is damaged, probably permanently."

That, in turn, is likely to change the framework for the 1988 elections. Until recently it seemed that the phenomenal success of Reagan's detached style of governing had changed the public's perception of leadership. Now it is likely the electorate will yearn for a candidate who not only has a vision for the nation but promises to bring to bear the hands-on managerial competence that was so lacking in the Iran-*contra* affair. —By Jacob V. Lamar Jr.
Reported by Laurence I. Barrett and Barrett Seaman/Washington



On shaky ground: abrasive Chief of Staff Donald Reagan...



... and Director of Central Intelligence William Casey

They both could be gone in a month or so.